

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7171

BILL NUMBER: HB 1145

NOTE PREPARED: Apr 8, 2013

BILL AMENDED: Apr 8, 2013

SUBJECT: State and Local Administration.

FIRST AUTHOR: Rep. Candelaria Reardon

FIRST SPONSOR: Sen. Paul

BILL STATUS: 2nd Reading - 2nd House

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill has the following provisions:

Convenience Fees: It authorizes a political subdivision or municipally owned utility to charge a reasonable fee for convenience when accepting a credit card or bank card for payments. It provides that a convenience fee imposed by a political subdivision or municipally owned utility on a credit card transaction may not exceed \$3, must be uniform regardless of the bank card or credit card used, and may be collected regardless of retail merchant agreements between the bank and credit card vendors that may prohibit such fees.

Rainy Day Fund Transfers: The bill provides that unused and unencumbered funds from any fiscal year and certain specified sources may be transferred to a political subdivision's rainy day fund at any time. It provides that unobligated cash balances from any fiscal year and sources not specified by statute may be transferred to the rainy day fund if the amount of the transfer is specified in an ordinance or resolution and the transfer is not more than 10% of the political subdivision's annual budget.

Publishing Ordinances: The bill provides that if a town publishes any of its ordinances in book or pamphlet form, no other publication is required in order for the ordinance to take effect. It provides that a town ordinance prescribing a penalty or forfeiture for a violation takes effect two weeks after the publication of the book or pamphlet.

Redevelopment Commission Annual Reports: The bill requires a redevelopment commission or its designee to file its annual report with the unit's executive not later than March 15 of each year. (Current law requires the report to be filed within 30 days after the close of the calendar year.)

Effective Date: July 1, 2013.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: *Summary:* The bill has indeterminate fiscal impact on political subdivisions that have excess balances from prior years to transfer to the subdivision's rainy day fund. It will also have indeterminate fiscal impact on the administration of credit or bank card payments for local units. There are no data available to indicate if printing ordinances and forfeitures in book or pamphlet form will provide cost savings over the cost of publishing in newspapers.

Additional Details:

Convenience Fees: The authority to charge a reasonable fee of \$3 or less, rather than the actual transaction charge or discount fee charged, could reduce complexity in administering credit or bank card payments for the political subdivision or municipally owned utility. Whether the reasonable fee offsets, exceeds, or is less than the charges incurred for accepting credit or bank card payments will vary with credit or bank card used.

Rainy Day Fund (RDF) Transfers: Under current law, a taxing unit may transfer unused and unencumbered funds from local option income taxes to the RDF. Taxing units may also transfer unused and unencumbered funds from tax levies in that fiscal year to the RDF as long as the transfer doesn't exceed 10% of the total annual budget in the fiscal year.

Under this bill, a taxing unit would be permitted to transfer balances at any time and from any year to the RDF. The maximum amount of each transfer would be 10% of the total annual budget in the fiscal year, but there would be no annual limit to the number or amount of transfers.

Publications: A book or pamphlet of a town's ordinances and forfeitures would constitute presumptive evidence concerning the ordinances, their adoption date, and that they have been properly signed, attested, recorded, and approved. Potentially, this evidence could avert a challenge to the validity of a town's ordinances. However, the fiscal impact of this provision is indeterminate.

Redevelopment Commission Annual Reports: The change in due date for the annual report of redevelopment commissions is not expected to have significant fiscal impact.

Background: Convenience Fees: Under current law, the fee may not exceed the transaction charge or discount fee charged to the political subdivision or municipally owned utility. As a result, the transaction charge or discount fee should vary for each transaction based on the credit or bank card used, and it should offset incurred costs.

Under the bill, a political subdivision or municipally owned utility could either have a different charge for each transaction or could set a reasonable fee of \$3 or less. A reasonable fee may apply to all transactions, depending on the decisions of the political subdivision or the municipally owned utility. Assuming a uniform

fee and depending on the retail merchant agreements, on each individual transaction the political subdivision or municipally owned utility would offset its costs, or change more or less than the cost of the transaction.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: Political subdivisions.

Information Sources: LSA property tax database.

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